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Summary record of the 13th meeting
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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 3 p.m.

Agenda item 118: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/53/11; A/C.5/53/23, A/C.5/53/24 and A/C.5/53/28)

1. **Mr. Etuket** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions (A/53/11), said, in connection with the scale methodology, that the Committee on Contributions had considered the request made in the Fifth Committee at the previous session regarding the implications of using gross domestic product (GDP) rather than gross national product (GNP) in preparing future scales. The Committee had recalled that, although GNP was conceptually superior as an approximation of capacity to pay, GDP was somewhat better in terms of data availability and reliability. However, for those countries showing the largest differences between GDP and GNP, data availability and reliability were the same. The Committee on Contributions had therefore concluded that, overall, differences in data availability and reliability for GNP compared to GDP would not significantly affect the calculation of assessment rates. Accordingly, the Committee had remained of the view that GNP was the least unsatisfactory income measure for the purposes of the scale and should continue to be used.

2. As for the other elements of the scale methodology, the Committee on Contributions had decided to look at them further at its fifty-ninth session, with a view to making a consolidated set of recommendations on the next scale to the Assembly at its fifty-fourth session, since the Assembly would not take any decisions on the matter before 1999.

3. Regarding the initial review by the Committee on Contributions of the practical implications of the proposal to conduct an annual recalculation of the scale of assessments (paras. 73–81), the Committee had assumed that the annual recalculation would be a limited technical exercise and that decisions on the recalculated scales would be delegated to it. Nevertheless doubt had been expressed by some members of the Committee on Contributions as to whether the process would remain a simple technical exercise, and they had felt that it would probably lead to a full renegotiation of the scale every year.

4. Regarding the possible reintroduction of a ceiling on per capita assessments, which had been abolished by the General Assembly in its resolution 3228 (XXIX) of 12 November 1974, on the recommendation of the Committee on Contributions, he noted that, in the view of the Committee on Contributions, reintroduction of the element would be contrary to the principle of capacity to pay, since it would impose an increasing burden on Member States with medium and low per capita income.

5. With regard to the outcome of the review undertaken by the Committee on Contributions of the application of Article 19 of the Charter of the United Nations, the level of arrears was currently calculated once annually at the end of each year for the following year, which was consistent with financial regulation 5.4 and the Financial Rules. By "preceding two full years" was meant the preceding two full calendar years. It had been the Secretariat's practice to use the gross amount of assessments, namely, before allowance for any credits from, for example, staff assessment.

6. The Committee on Contributions had not agreed on the desirability of changing the current procedures for the application of Article 19, and intended to consider the matter further at its fifty-ninth session and to submit its recommendations to the General Assembly.

7. With regard to the procedural aspects of the consideration of requests for exemption under Article 19, the Committee on Contributions had considered the possibility of establishing guidelines or criteria for granting exemptions, but had concluded that the particular circumstances of each Member State had to be considered. The Committee would, however, try to apply precedents as appropriate. In that connection it was important for the Committee to have the fullest possible information.

8. The Committee on Contributions had also considered various solutions to the problem of the timing of the application of Article 19 of the Charter (1 January) and the dates of the sessions of the Committee on Contributions for those Member States in respect of which an exemption had been recommended but which, pending approval by the General Assembly, could be deprived of the right to vote for several months through being in arrears. All the solutions, however, raised other problems.

9. Regarding the need to ensure the speediest possible action by the General Assembly on recommendations by the Committee on Contributions for exemptions — an issue which had arisen in the Fifth Committee at the current session — he noted that some such decisions had been taken at resumed sessions of the General Assembly and that approach could presumably be followed again. For its part, the Committee on Contributions could certainly structure its report so as to facilitate the earliest possible action by the General Assembly.

10. Regarding the requests for exemption by Comoros and Tajikistan, the Committee had agreed that the failure of those Member States to pay was due to conditions beyond their control and had recommended, and the General Assembly had decided, that they should be permitted to vote through the fifty-third session of the Assembly.

11. On the assessment of non-member States, the Committee on Contributions, in accordance with the procedures approved by the General Assembly in its resolutions 44/197 B and 52/215 A, had recommended that the following percentage figures should be applied to notional assessment rates from 1999: Kiribati, 9 per cent; Nauru, 1 per cent; Holy See, 10 per cent; Switzerland, 30 per cent; Tonga, 5 per cent; and Tuvalu, 5 per cent.

12. As indicated in the report, the information provided by non-member States to the Committee on Contributions regarding their level of participation in United Nations activities had not been complete. Further, following the reduction of the minimum assessment rate to 0.001 per cent, the minimum assessment for non-member States had been reduced to $105 in 1998. During discussion of that question in the Committee it had been observed that three Member States still had outstanding non-member State assessments from before their membership in the Organization.

13. On the question of payment of contributions in currencies other than United States dollars, in 1997 eight Member States had made total payments in non-United States dollar currencies to the equivalent of $2.8 million.

14. On the collection of contributions, since the conclusion of the fifty-eighth session of the Committee on Contributions 14 of the 26 Member States listed as actually or potentially falling under Article 19 of the Charter in 1998 (A/53/4, para. 110) had made the necessary payments to avoid the application of Article 19 — Burundi, Cape Verde, Central African Republic, Chad, Dominica, Equatorial Guinea, Grenada, Honduras, Kyrgyzstan, Niger, Republic of Moldova, Seychelles, Togo and Vanuatu. In addition, on the recommendation of the Committee on Contributions, the General Assembly had decided to permit Comoros and Tajikistan to vote through the fifty-third session. The Assembly had also decided to permit Georgia and Guinea-Bissau to vote for a three-month period beginning 7 October 1998. No decision had yet been taken regarding Bosnia and Herzegovina, Congo and Iraq.

15. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, proposed that the Committee on Contributions should convene a session as early as possible in 1999 to further review the practical implications of tightening procedures for the application of Article 19 of the Charter of the United Nations. Such measures could include semi-annual calculations in connection with the application of Article 19, a comparison of arrears with amounts assessed and payable for the preceding two full years, the use of net rather than gross amounts, and a reduction in the floor rate. The Committee on Contributions might also examine the reasons why only a limited number of Member States with arrears due to conditions beyond their control addressed the Committee at its regular sessions; the frequent submission of incomplete information; and the possible need for more guidance by the Secretariat on how and when to provide the necessary data.

16. The European Union recalled its proposal to re-establish as close a link as possible between the scale of assessments and capacity to pay. Notwithstanding the delicate balance achieved by the adoption of General Assembly resolution 52/215, much remained to be done in that regard. For example, the introduction of annual recalculation would constitute an element of the methodology that better reflected the capacity to pay of a Member State whose economy experienced considerable fluctuations. Lastly, he reiterated the European Union proposal to revise the peacekeeping scale to better reflect the principle of capacity to pay.

17. **Mr. Vantsevich** (Belarus) said that the proper functioning and stability of the Organization depended, to a large extent, on the fair apportionment of expenses among its Members. However, there had been frequent deviations for political reasons from the basic principle behind the preparation of the scale of assessments, namely, capacity to pay. As a result of the blatant injustice which some Member States had suffered during the preparation of the previous scale, they had been unable to pay their assessments in full and on time. Despite the severe financial difficulties with which it was faced, Belarus in 1997 had contributed more than $6 million to the regular and peacekeeping budgets and proposed to contribute a further $3 million in 1998.

18. He agreed with the Committee on Contributions that the methodology which had been established at the beginning of the scale period should not be changed before the beginning of the next scale period and that the scale should not be fully renegotiated each year. He also welcomed the Committee's efforts to improve the methodology.

19. There was no doubt that the fundamental criterion for the apportionment of the expenses of the Organization

should be capacity to pay. His delegation agreed with the conclusion of the Committee on Contributions (A/53/11, para. 45) that GDP remained the least unsatisfactory income measure for purposes of calculating assessments rates. The length of the base period for the scale should be six years. It also agreed with the conclusion that market exchange rates should be used for the purposes of the scale, except where that would cause excessive fluctuations or distortions in the income of some Member States (para. 50). The debt-burden adjustment should continue to be used in the future scale. To that end, account should be taken of total debt stocks instead of actual repayments of principal.

20. With regard to the low per capita income adjustment, Belarus was ready to discuss the possibility of using a sliding gradient. The current procedures for the application of Article 19 of the Charter should also be maintained. Lastly, it was unacceptable to place any restrictions on cooperation between debtor countries and the United Nations procurement system.

21. **Mr. Watanabe** (Japan) said that the methodology and existing parameters for calculating the scale of assessment did not permit a fair apportionment of the Organization's expenses. One example was the low per capita income adjustment. Under the current scale methodology, countries situated above the threshold absorbed in total 8.281 per cent as the part discounted from countries below the threshold. Because the 25 per cent ceiling applied only to the largest contributor, Japan was forced to absorb 2.549 per cent of the 8.281 per cent, which was not equitable. The Committee on Contributions should give further consideration to the issue with a view to correcting the injustice.

22. With regard to the problem of discontinuity, his delegation agreed with the Committee on Contributions (A/53/11, para. 63) that the proposal for applying positive progressivity in assigning points arising from the adjustment to countries above the threshold was not an acceptable solution.

23. On the subject of conversion rates, income data comparisons between countries was affected by exchange rates. The Committee on Contributions should give further consideration to that issue at its next session, perhaps with the help of the International Monetary Fund or the World Bank.

24. With regard to peacekeeping assessments, Japan would go along with any proposal to give a mandate to the Committee on Contributions in that area.

25. The question of annual recalculation of the scale of assessments must be given very careful consideration, since it was technically very complicated and had financial implications.

26. Japan supported the idea of stricter application of Article 19 of the Charter, though the issue should be considered from both the technical and legal points of view. If exceptions were made too frequently, Article 19 would lose its *raison d'être*. In dealing with cases of late submission of requests for exemption under Article 19, the General Assembly should set two very strict deadlines for the submission of such requests: the first in June, before the opening of the regular session of the Committee on Contributions, and the second on 30 September, for example. The Committee on Contributions could consider during its regular session in June requests that had been submitted before the first deadline. Any request submitted before the second deadline would be taken up by the Committee on Contributions in early October in an extraordinary session devoted solely to the question of the application of Article 19. Countries submitting requests before the second deadline should clearly justify their failure to submit it in June. Also, the General Assembly should take a firm decision not to allow any Member State to submit a request for exemption directly to the Assembly.

27. He recognized that his proposal presented two problems. Firstly, countries which might be entitled to exemption from the payment of their assessed contribution would not be able to vote during the period from January to June of the year in question. However, that was not a serious problem and, in that regard, he agreed with the conclusion which the Committee on Contributions had reached in its earlier report (A/51/11). Secondly, the extraordinary session of the Committee on Contributions which would have to be convened would have some financial implications. His delegation considered, however, that that cost was necessary in order to maintain due process.

28. **Mr. Herrera** (Mexico), referring to the application of Article 19 of the Charter (A/53/11, chap. III), reaffirmed the Committee on Contributions' role to advise the General Assembly on such matters, in accordance with the provisions of article 160 of the rules of procedure of the General Assembly. All requests for exemptions from the application of Article 19 of the Charter should be considered by the Committee on Contributions.

29. The problem of the lag in time between the submission of requests for exemption and the sessions of the Committee on Contributions should not be resolved by applying automatic procedures. The Committee on Contributions should keep the issue of scheduling under review, in view of the most recent advances in telecommunications, so that

Member States which found themselves in the situation described in Article 19 of the Charter could receive a timely response from the Committee on Contributions and from the General Assembly to their requests for exemption.

30. Requests for exemptions under Article 19 of the Charter should be considered on a case-by-case basis and the General Assembly should state its view in the form of a decision on each request. The Committee on Contributions had adopted the same position when it stated (para. 9) that requests for extensions should be fully reviewed on their own merits. Mexico took note of the Committee's observations in paragraphs 22, 23, 25, 26 and 27 of its report, concerning changes to the current procedures for the application of Article 19. He hoped that, after considering all the practical consequences of the proposals under review, the Committee on Contributions would be in a position to make recommendations on the subject in the report to its fifty-ninth session.

31. The Mexican delegation took note of paragraph 45 of the report of the Committee on Contributions, in which the Committee reaffirmed its recommendation to use GNP as an income measure for purposes of calculating assessment rates. It also noted that the study of the other elements of the methodology for establishing the scale of assessment would continue during the Committee's fifty-ninth session.

32. Lastly, the critical international financial situation would make it difficult to review the apportionment of peacekeeping expenses.

33. **Mr. Bond** (United States of America) said that, during the previous week, the United States had paid $50 million for the regular budget for the current year and $113 million for the peacekeeping budget. In addition, as provided for in the relevant legislation, it envisaged a payment of some $200 million on its assessment for the regular and peacekeeping budgets before the end of the current calendar year.

The meeting rose at 4.05 p.m.